

EXHIBIT B
Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into on this 1st day of September, 2020, by and between **CUC, INC.**, a South Carolina corporation, ("**Seller**") and **SOUTH CAROLINA WATER UTILITIES – CUC, INC.**, a South Carolina corporation ("**Buyer**"). Seller and Buyer are hereinafter sometimes referred to as "**Party**" or "**Parties**".

WHEREAS, Seller operates water distribution and wastewater collection and treatment systems on Spring Island and Callawassie Island (the "**Systems**") located in Beaufort County, South Carolina, on the terms hereafter set forth.

WHEREAS, Buyer desires to purchase the Systems and all of Seller's assets used in operating the Systems.

WHEREAS, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Systems, on the terms hereafter set forth.

NOW THEREFORE, in consideration of [REDACTED] to be paid according to the terms set forth herein, and other good and valuable consideration paid by Buyer to Seller (the "**Purchase Price**"), the sufficiency of which Seller hereby acknowledges, and in consideration of the mutual covenants and agreements hereinafter set forth, Seller and Buyer hereby agree as follows:

PART A. ACQUISITION OF THE SYSTEMS

1. TRANSFER OF ASSETS.

Subject to the terms and conditions of this Agreement, Seller agrees to grant, bargain, sell, convey, assign and transfer to Buyer, and Buyer agrees to purchase, the following described properties (collectively, the "**Assets**"):

(a) The Systems owned by Seller, wherever situated, together with all improvements and appurtenances, including plants, systems, facilities, pipelines, transmission mains, meters, service lines, valves, fittings, collection lines, outfall lines, lift stations, treatment facilities and other usual component parts of water and sanitary sewer systems, and all of Seller's other properties, real, personal, and mixed, tangible and intangible, which form a part of or pertain to, the Systems, including, but not limited to, the real estate and any structures or improvements located thereon. **Schedule 1(a)** attached hereto sets forth the real property ("**Real Property**") comprising the Systems along with a description of all personal property, but, for the sake of clarity, excluding the items identified as "**Excluded Assets**" on Schedule 1(a);

(b) All leases, leasehold interests, easements, rights-of-way, crossing agreements, privileges, and immunities used by Seller in the operation of the Systems, all as more particularly described on **Schedule 1(b)** attached hereto;

(c) To the extent transferrable, all permits, franchises and licenses, used by Seller in the operation of the Systems, all as more particularly described on **Schedule 1(c)** attached hereto;

(d) All personal property forming a part of or relating to the Systems, including but not limited to maps, O&M manuals, line locators, GIS application, inventory, software, furniture, fixtures and equipment, all as more particularly described on **Schedule 1(d)** attached hereto;

(e) All of Seller's contracts, agreements, documents and instruments relating to the Systems, including but not limited to, all books (excluding minute books), records, customer service agreements, reservation of capacity agreements, franchise agreements, surveys, appraisals and environmental reports, all as more particularly described on **Schedule 1(e)** attached hereto;

(f) All of Seller's financial and accounting records and information relating to the Systems, in whatever medium such financial and accounting records and information exist, all as more particularly described on **Schedule 1(f)** attached hereto;

(g) All property, rights and privileges, whether real, personal or mixed, and whether tangible or intangible, relating to the Systems, that Seller may acquire between the date of this Agreement and the Closing of this transaction as provided herein;

(h) The right to use the name "CUC, Inc." in connection with the ownership and operation of the Systems; provided that Buyer agrees to indemnify and hold Seller harmless from any suit, action, or liability which may arise from Buyer's use of the name. Seller agrees to change its name from "CUC, Inc" to another name of Seller's choosing within thirty (30) days of the Closing;

(i) The value of the Systems as a going concern, including all goodwill associated with the Systems; and

(j) All transfers of properties pursuant to this agreement shall be made to Buyer.

2. **CONSIDERATION FOR TRANSFER OF ASSETS.**

(a) As consideration for Seller transferring, conveying and granting the Systems to Buyer, Buyer agrees to pay Seller, or its successor entity that is beneficially owned by Seller's current shareholders, Billy F. Burnett and Susan B. Mikell, [REDACTED] ("the Purchase Price"), together with the assumption of those liabilities related to the Systems which are specifically identified in this Agreement in **Schedule 2(a)** attached hereto ("Assumed Liabilities"). The Purchase Price shall be paid according to the terms and conditions of the Promissory Note given to Seller by Buyer, attached hereto as **Exhibit A**.

(b) In addition to the consideration mentioned in Section 2(a), the Parties agree to the prorated allocation of income and expenses as provided for in Section 14 of this Agreement.

(c) Subject to the requirements of state and federal law, within sixty (60) days after the Closing Date, the Parties will agree upon an allocation of the Purchase Price and amount of Assumed Liabilities among the assets in accordance with Section 1060 of the U.S. Internal Revenue Code (“Code”) and the regulations thereunder (and any similar provisions of other law, as appropriate). The Parties agree to cooperate with each other, and to furnish each other with such information as is reasonably requested by the other Party, for purposes of determining the allocation of the Purchase Price and amount of Assumed Liabilities among the transferred assets. The Parties agree to make a consistent use of such agreed upon allocation for all tax purposes and in all tax returns, including the filing of IRS Form 8594 as required by Section 1060 of the Code.

3. CLOSING.

The closing of the transactions provided for herein (“Closing”) shall take place with each Party executing the required documents in counterparts and delivering them to the other), or at such physical location as may be agreed upon by the Parties, on the first business day after the end of the normal billing cycle following satisfaction of the Parties’ Conditions Precedent to Closing set forth in this Agreement (“the Closing Date”) or at such other time as may be agreed upon by the Parties.

(a) In addition to the deliveries of documents to be made at the Closing as provided herein, there shall also be delivered the certificates, consents, representations, resolutions, ordinances, agreements, franchises, deeds, leases, and other instructions referred to in this Agreement. At the Closing, Seller shall deliver to Buyer a general assignment of all rights, title and interest, and such deeds, leases, bills of sale, endorsements, assignment and other good and sufficient instruments of transfer, conveyance and assignment, as shall be necessary to vest Buyer with good and merchantable title, free and clear of all liens, claims and encumbrances except as hereinafter provided, to the assets to be transferred, conveyed and assigned under this Agreement; provided, however, that deeds and other conveyances of real property (with the exception of any leases for real property) shall be in the form of general warranty deeds. The form and content of all deeds, leases, bills of sale, assignments, documents, and instruments by which any of said assets are to be transferred to Buyer shall be subject to the approval of Buyer. At the Closing, Seller shall also deliver to Buyer the customer lists, maps and surveys of the Systems and all books (excluding minute books), records and other data relating to the assets which are transferred under this Agreement. Simultaneously with such delivery by Seller, Seller shall take all such steps as may be necessary to put Buyer in actual, peaceable possession and operating control of such assets.

(b) Prior to the Closing, Seller shall provide to Buyer any and all surveys, title insurance policies, environmental site assessments and geotechnical reports as are in Seller’s possession, or reasonably accessible to Seller, relating to the Real Property. Buyer shall be responsible for obtaining title opinions and title insurance, at its expense, regarding Real Property, in form and substance satisfactory to Buyer prior to Closing. If Buyer is not satisfied with any exception to either the title, title insurance policy, or condition of the Real Property, and Seller is unwilling or unable to cure or correct the same, Buyer shall have no obligation to consummate the sale and purchase contemplated hereby.

Any provision hereof to the contrary notwithstanding, if any action or proceeding questioning the validity of the transfer and conveyance of assets under this Agreement is commenced prior to Closing, Buyer shall be entitled, at its election, to terminate and cancel this Agreement, without Buyer incurring any liability.

4. FURTHER ASSURANCES.

Seller shall from time to time, whether before, at, or after Closing, at Buyer's request and without further consideration, execute and deliver such other instruments of transfer, conveyance and assignment and take such other action as Buyer may require to more effectively transfer, convey and assign to and vest in Buyer, and to put Buyer in possession of the Systems, including any property to be transferred, conveyed, assigned and delivered hereunder. If there are any contracts, rights, licenses or permits, which cannot be transferred effectively without the consent of the other party or parties thereto, and such consent is unattainable, Seller will terminate such contracts if terminable, or use their best efforts to assign and convey to Buyer the benefits thereof. Seller is not, and upon consummation of the transactions contemplated hereby, will not be, in default under any contract and, to the knowledge of Seller no other party to any contract is or will be in default thereunder.

5. AUTHORIZATION.

Prior to Closing, Seller will, by proper action of its shareholders, and officers duly adopt all necessary and appropriate resolutions and/or ordinances authorizing the transactions hereunder and take all steps necessary for their execution. Seller will further take all actions reasonably required to obtain all necessary authorizations and consents of third parties.

6. SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

Seller hereby represents, warrants and covenants as follows:

- (a) Organization. Seller is a corporation duly organized and validly existing under the laws of the State of South Carolina, and has all necessary powers to own and operate the Systems at Spring Island and Callawassie Island.
- (b) Authority Relative to this Agreement as of the Closing. Seller's signatory to this Agreement has full power and authority to execute and deliver this Agreement and all agreements, documents and instruments referred to herein or contemplated hereby, and the sale, conveyance, assignment and transfer contemplated hereby has been duly authorized by Seller in accordance with the provisions of all applicable law; contemporaneously with executing this Agreement, Seller shall deliver to Buyer a resolution, along with true and complete copies of the minutes of the meeting or meetings of Seller at which such authorization was conferred, approving and authorizing the transactions contemplated by this Agreement and these documents shall be attached as **Schedule 6(b)**, and neither Seller entering into this Agreement, nor Seller's compliance with all the terms of this Agreement, shall violate any mortgage or indenture or bond to which Seller is a party or any other agreement or instrument by which Seller is bound. Except for the regulatory approvals referred to herein, no consent or authorization of any federal, state or local authority or

entity is required for the execution and performance of this Agreement by Seller, or if such consent or authorization is required, said consent or authorization has been obtained and is evidenced by appropriate certified instruments delivered to Buyer. Upon the execution hereof by Seller, this Agreement shall constitute the legal, valid and binding obligation of Seller, jointly and severally enforceable against Seller in accordance with its terms.

(c) Title to Property; Absence of Liens, Claims and Encumbrances; Taxes, etc. Seller has good and marketable title to its properties and assets comprising the Systems, real, personal and mixed, tangible and intangible, free and clear of all liens, claims, encumbrances and violations, except such imperfections of title and encumbrances, if any, which are identified on **Schedule 6(c)** attached hereto ("**Permitted Liens**"), and which are insubstantial in character, amount or extent, and which do not materially detract from the value of, or interfere with, the present or future use of the property subject thereto or affected thereby or otherwise materially impair Seller's ownership and operation of the Systems. Seller has good and marketable fee simple title to the Real Property. Seller has not received notice of violations of any applicable zoning regulations, ordinances or other laws, or any applicable regulations, laws, ordinances or requirements relating to the operation of the Systems and its properties, and, so far as known to Seller, there is no such violation, and all assets which are being transferred or assigned to Buyer conform with all applicable ordinances, codes, laws and regulations. Seller is either exempt from the requirement to pay taxes of any nature, whether federal, state, or local, or, if subject to the payment of taxes, has paid or caused to be paid all taxes owed by it in a timely manner. There are no audits of any tax liability of Seller pending before any federal, state or local taxing authority, and to the best knowledge of Seller, there is no factual basis for any such audit to be conducted. For purposes of this Agreement, "taxes" means any federal, state, local and foreign income, payroll, withholding, excise, sales, use, personal property, use and occupancy, business and occupation, mercantile, real estate, gross receipts, license, employment, severance, stamp, premium, windfall profits, social security (or similar unemployment), disability, transfer, registration, value added, alternative, or add-on minimum, estimated, or capital stock and franchise and other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

(d) Absence of Undisclosed Liabilities. Except as set forth herein, Seller has no liabilities or obligations about the Systems, secured or unsecured, whether accrued, absolute, contingent or otherwise, other than current monthly operating expenses. At the Closing, Seller will not be in violation of any laws, ordinances, rules or regulations which would materially affect the operation of the Systems. If there should prove to be undisclosed liabilities or obligations of Seller in connection with the Systems, whether known or unknown to Seller, or should Seller be in violation of any laws, ordinances, rules or regulations, either Seller or Buyer in either of their sole discretions, may terminate and cancel this Agreement; provided, however, Buyer may not terminate the Agreement until Buyer has given Seller written notice of such violation, and Seller fails to cure such violation within thirty (30) days following Buyer's notice. Seller is not in default of any contract, agreement or obligation relating to the Systems.

(e) Waivers of Rights of First Refusal. The Callawassie Island Property Owners Association ("CIPOA") and Spring Island Property Owners Association ("SIPOA") each

has a right of first refusal to purchase all of the issued and outstanding shares, assets, or a controlling interest therein of Seller in the event that Seller offers to sell, or enters into an agreement to sell such shares, assets, or controlling interest upon the same terms and conditions of any bona fide offer to or from any bona fide purchaser (“ROFR”). No party other than CIPOA and SIPOA has any ROFR with respect to Seller or Seller’s assets. Seller has obtained valid and enforceable waivers of their respective ROFR from CIPOA and SIPOA, which are attached as **Schedule 6(e)**.

(f) Litigation. As of the date hereof, Seller has no knowledge of, and has received no notice of, any litigation, proceeding or governmental investigation pending, or threatened against Seller or its properties or operations or the transactions contemplated by this Agreement arising out of, or about, the Systems, and, to Seller’s knowledge, there is no basis for any such claims. Seller has not brought or filed any pending suit or proceeding about the Systems. Seller is not a party defendant to, or subject to, the provisions of any order, decree or judgment with continuing effect of any court having jurisdiction or of any governmental agency.

(g) Assets. All assets used about the Systems are capable of being used without the present need for repair or replacement except in the ordinary course of business in a manner consistent with Seller’s past practices. Repairs or replacements not identified by the date of the Closing will be the responsibility of Buyer.

(h) Customer Billing. Contemporaneously with the Closing, Seller will provide Buyer with all current customer billing and account information, and will assist in the transitioning of customer billing from Seller to Buyer.

(i) Further Assurances. To furnish further assurances of title, execute any written agreement or do any other act necessary to effectuate the purposes and provisions of this Agreement,

(j) Compliance with Applicable Environmental Law.

i. The term “Applicable Environmental Law” shall be defined as any laws, rules, regulations, ordinances, judgments, decrees, codes, orders, injunctions, notices and demand letters of any governmental authority relating to environmental conditions, industrial hygiene, pollution, or the protection of human health or the environment.

ii. Seller represents and warrants to Buyer that, to the best of its knowledge, the Real Property, the Systems, and Seller are not in violation of or subject to any existing, pending or threatened investigation or inquiry by any governmental authority or any response costs or remedial obligations under any Applicable Environmental Law and that, to the best of its knowledge, Seller has not failed to obtain any permits, licenses or similar authorizations to construct, occupy, operate or use any buildings, improvements, fixtures or equipment forming a part of the Real Property and the Systems by reason of any Applicable Environmental Law and all of such permits, licenses or similar authorizations are in full force and effect.

iii. Seller represents and warrants that it has taken all steps necessary to determine and has determined that no petroleum products, oil, hazardous substances, or solid wastes have been disposed of or otherwise released on the Real Property and the Systems;

iv. Seller agrees to notify Buyer if any governmental agency or other entity notifies Seller that the Real Property, or the Systems, may not be in compliance with any Applicable Environmental Laws;

v. Seller hereby agrees to pay any fines, charges, fees, expenses, damages, losses, liabilities or response costs arising from or pertaining to the application of any such Applicable Environmental Law while the Real Property and the Systems were in Seller's possession, and to indemnify and forever save Buyer harmless from the same. This indemnity shall survive the Closing or the termination of this Agreement.

(k) Sanctions. Seller, and all officers, directors, shareholders of Seller are, in compliance with all anti-money laundering laws related to the prevention of money laundering and terrorist financing in the jurisdictions in which Seller operates. Seller is not a person that is or is owned or controlled by persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions. None of the transactions contemplated by this Agreement will violate Sanctions applicable to Seller. Neither Seller, nor any officer, director, shareholder of Seller, is a senior political control figure, an immediate family member of a senior political control figure, or a close associate of a senior political control figure. Neither Seller, or any shareholder of Seller, is a shell bank.

(l) Ethical Business Practices. Neither Seller, nor any of its officers, directors, or shareholders, nor, to the knowledge of Seller, any agents or other persons acting on behalf of any of the foregoing, directly or indirectly in relation to the operation of the Systems, or the transactions contemplated by this Agreement, has:

- i. violated or is in violation of applicable anti-corruption laws, or
- ii. made, offered or promised to make, or authorized the payment or giving of money, or anything else of value, to any (i) executive, official, employee or person acting in an official capacity for or on behalf of a governmental body or a government-controlled entity or a public international organization (e.g., the International Monetary Fund or the World Bank), or (ii) political party or official thereof, or candidate for political office (each of the foregoing a "Government Official"), or (iii) any other person, while knowing or believing that all or some portion of the money or value will be offered, given or promised to a Government Official or other person for the purposes of obtaining or retaining business or securing any improper advantage or in other circumstances when such offer, payment or promise would be unlawful (each a "Prohibited Payment"), or

- iii. been subject to any investigation by any governmental body or body of regulators regarding any actual or alleged breach of any relevant anti-corruption law.

7. **BUYER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.**

Buyer hereby represent, warrant, and covenants as follows:

- (a) **Organization.** Buyer is a corporation organized and existing under the laws of the State of South Carolina and is duly authorized to do business in the State of South Carolina.
- (b) **Authority Relative to this Agreement as of the Closing.** Buyer is authorized:
 - i. to transact business in South Carolina and permitted by the laws of the State of South Carolina to execute and perform this Agreement;
 - ii. to accept the transfer and conveyance of the Systems;
 - iii. to pay and perform all obligations of this Agreement according to its terms; and
 - iv. to furnish further assurances of title, execute any written agreement or do any other act necessary to effectuate the purposes and provisions of this Agreement.
- (a) **Sanctions.** Buyer and all of its officers, directors, and shareholders are in compliance with all anti-money laundering laws related to the prevention of money laundering and terrorist financing in the jurisdictions in which Buyer operates. Buyer is not a person that is or is owned or controlled by persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions. None of the transactions contemplated by this Agreement will violate Sanctions applicable to Buyer. Neither Buyer, nor any of their officers, directors, or shareholders, is a senior political control figure, an immediate family member of a senior political control figure, or a close associate of a senior political control figure. Neither Buyer, nor any shareholder of Buyer, is a shell bank.
- (b) **Ethical Business Practices.** Neither Buyer, nor any of its officers, directors, or shareholders, nor, to the knowledge of Buyer, any agents or other persons acting on behalf of any of the foregoing, directly or indirectly in relation to the operation of the Systems, or the transactions contemplated by this Agreement, has:
 - i. violated or is in violation of applicable anti-corruption laws, or
 - ii. made, offered or promised to make, or authorized the payment or giving of money, or anything else of value, to any (i) executive, official, employee or person acting in an official capacity for or on behalf of a governmental body or a government-controlled entity or a public international organization (e.g., the International Monetary Fund or the World Bank), or (ii) political party or official thereof, or candidate for political office (each of the foregoing a "Government

Official"), or (iii) any other person, while knowing or believing that all or some portion of the money or value will be offered, given or promised to a Government Official or other person for the purposes of obtaining or retaining business or securing any improper advantage or in other circumstances when such offer, payment or promise would be unlawful (each a "Prohibited Payment"), or

iii. been subject to any investigation by any governmental body or body of regulators regarding any actual or alleged breach of any relevant anti-corruption law.

(c) Seller's Employees. Prior to the Closing, Buyer will evaluate all of Seller's full-time field operation employees for potential employment with Buyer. Employment of any such employees will be subject to each such employee passing Buyer's standard pre-employment screening and other terms and conditions as Buyer may specify in its sole discretion; provided that, to the extent Buyer extends an offer of employment to any of Seller's employees, such offer will include Buyer's standard full package of benefits for employees in comparable positions. For the sake of clarity, this Section 7(c) does not obligate Buyer to make an offer of employment to any of Seller's current employees.

8. ACCESS TO INFORMATION CONCERNING PROPERTIES, RECORDS, ETC.

Throughout the period prior to the Closing, and for a reasonable period after the Closing, Seller shall give to Buyer and its counsel, accountants, engineers, and other representatives full access to all of the properties, books, contracts, commitments and records of Seller (to the extent in the possession of, or reasonably accessible to, Seller) relating to the Systems, and Seller shall furnish Buyer during such period with all such information concerning the Systems and its affairs as Buyer may reasonably request.

9. CONDUCT OF SELLER'S OPERATION PENDING THE CLOSING.

Pending the Closing, except as otherwise consented to by Buyer in writing or as contemplated by the provisions of this Agreement

(a) Ordinary Course of Business. The operations of the Systems shall be conducted only in the ordinary course of business, which shall include, but not be limited to, the maintenance, in full force and effect, of any outstanding insurance policies, permits, the payment of all taxes or other obligations as they become due, collection of accounts receivable from all customers of the Systems, and satisfaction of, and continued compliance with, all of Seller's other expenses and obligations relating to the Systems. Without limiting the generality of the foregoing sentence, no commitment binding on Buyer shall be made by Seller, unless the same shall have been approved in writing, in advance, by Buyer.

(b) Limitations on Borrowing. No money shall be borrowed by Seller upon reliance of any of the property, assets, or revenues of Seller, which are to be transferred or assigned to Buyer. No mortgage or pledge of any property or assets of Seller, which are used in connection with the Systems shall be made, and all such mortgages and pledges, if any,

shall be satisfied by Seller, prior to the Closing, without any cost or obligation on the part of, Buyer.

(c) Compliance with Laws. Seller shall conduct its operations in such a manner so that at the time of Closing, Seller will be in compliance with all provisions of existing laws, rules, and regulations.

(d) Representations True and Correct. Seller will conduct business and operations in such manner so that on Closing Date the representations, warranties, and covenants contained in this Agreement shall be true as though such representations, warranties and covenants were made on and as of the Closing Date.

(e) Aeration Basin Clean Up. During the period following the date hereof and prior to the Closing, Buyer and Seller shall cooperate to conduct a test on the mixed liquor suspended solids (MLSS) concentrations within the aeration basin in the System, and to the extent that the MLSS concentrations within the aeration basin exceed 5,000 parts per million, Seller will cause an amount of solids to be removed such that the MLSS concentration no longer exceeds 5,000 parts per million. Seller will pay all such testing and removal costs prior to the Closing, but 50% of such testing and removal costs actually paid by Seller will be deemed an amount payable by Buyer and due on the date that the Prorations Amounts are due and payable in accordance with Section 14.

10. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS AND CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS.

(a) In addition to any other condition precedent set forth in this Agreement, all obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

i. Misrepresentations. Buyer or its agents or attorneys shall not have discovered, and there shall not be or have been, any material errors, misstatements or omissions in the representations and warranties made by Seller in or pursuant to this Agreement.

ii. Representations True at Closing; Performance by Seller. All representations and warranties made by Seller in or pursuant to this Agreement shall be deemed to have been made again at and as of the time of the Closing and shall then be true and correct in all material respects. Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed and complied with by it prior to Closing. At the Closing, Seller shall deliver to Buyer a certificate, in form satisfactory to Buyer, setting forth and reaffirming said representations and warranties as of the date of the Closing.

iii. Authorization. Seller shall have complied with all provisions of applicable law and regulations with respect to the authorization of this Agreement and transactions contemplated by this Agreement and shall have taken all other necessary steps, prior to or at the time of Closing, to consummate the transactions contemplated herein, including the obtaining of all required consents, authorizations, conveyances, grants, and assignments.

iv. Regulatory Approvals. Buyer's obligations are contingent on the approval of this Agreement under terms acceptable to Buyer, by the South Carolina Public Service Commission ("SCPSC"), and Buyer's receipt of the necessary permits and authorizations to operate the Systems from the South Carolina Department of Health and Environmental Control ("DHEC").

v. Litigation Affecting Closing. At the date of the Closing, no suit, action, or other proceeding shall be pending or threatened before any court or other governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and at Closing there shall be delivered to Buyer a certificate, dated the date of Closing, signed by an authorized representative of Seller to the foregoing effect, in form satisfactory to Buyer.

vi. Material Adverse Change After the Date Hereof. During the period of time from the date hereof to the Closing, there shall not have been any material adverse change in the properties or any material adverse change in the financial condition of Seller or any material adverse change in the operation or customer list of Seller, and at the Closing there shall be delivered to Buyer a certificate, dated the date of the Closing, signed by an authorized representative of Seller to the foregoing effect, in form satisfactory to Buyer.

vii. Agreements, Consents, Grants, Conveyances, and Actions of Seller. Seller shall:

a. Take all steps and actions, including, without limiting the generality of the foregoing, adoption of resolutions, the authorized execution of instruments and documents, and the calling of meetings of its members and the sole manager, necessary or desirable for the execution, effectuation, and performance of this Agreement and the transactions contemplated thereby.

b. Take all steps and perform all actions as may be required by, and necessary for compliance with Seller's authorizations to conduct business from all federal, state, and local authorities, and all applicable federal, state and local laws and administrative regulations.

c. Deliver an executed counterpart to the bill of sale, substantially in the form attached as **Exhibit B** hereto.

viii. Completion of Due Diligence. Buyer shall have completed its due diligence, and the results of such due diligence shall be satisfactory to Buyer in its sole discretion.

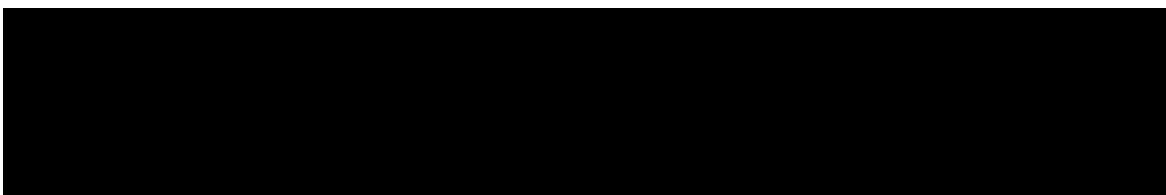
(b) All obligations of Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

i. Misrepresentation. Seller or its agents or attorneys shall not have discovered, and there shall not be or have been, any material errors, misstatements

or omissions in Buyer's representations and warranties in or pursuant to this Agreement which in the aggregate shall be material.

ii. Representations True at Closing; Performance by Buyer. All representations and warranties made by Buyer in or pursuant to this Agreement shall be deemed to have been made again at and as of the time of the Closing and shall then be true and correct in all material respects. Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed and complied with by it prior to the Closing. At the Closing, Buyer shall deliver to Seller certificate, in form satisfactory to Seller, setting forth and reaffirming said representations and warranties as of the date of the Closing.

iii. Authorization. Buyer shall have complied with all provisions of applicable laws and regulations with respect to the authorization of this Agreement and the transactions contemplated by this Agreement and shall have taken all other necessary steps, prior to or at the time of Closing, to consummate the transactions contemplated herein.



PART B. OWNERSHIP AND OPERATION OF THE SYSTEMS

11. LIABILITIES AND INDEMNIFICATION.

(a) Except as otherwise provided herein, and to the extent allowed by law, Seller agrees that it will pay, satisfy, indemnify and hold harmless Buyer, and each shareholder, director, officer, employee, agent or representative of Buyer (collectively, "Buyer Indemnified Parties") from the following at all times after the date of this Agreement: (i) all liabilities, debts and obligations of Seller, or the Systems of any nature, whether accrued, absolute, contingent or otherwise, existing prior to or at the date of the Closing, or arising out of transactions or commitments entered into, or any state of facts existing, prior to, or at the time of, the Closing, including all fees, charges and expenses of attorneys and engineers, so long as, and to the extent that, such liabilities, debts and obligations relate to the Systems. Without limiting the generality of the foregoing, Seller will satisfy and hold harmless the Buyer Indemnified Parties from any commissions or brokers' fees incurred in connection with this Agreement; any and all fees, charges and expenses of engineers hired by Seller in connection with this Agreement; any claims or liens with respect to outstanding line charge deposits on the Systems; and, any claims for refund of any deposits or other money, including customer service deposits;(ii) any damage or deficiency resulting from, or connected with, any misrepresentations, breach of warranty, or nonfulfillment of any agreement or covenant on the part of Seller under this Agreement or from any misrepresentation in, or omission from, any certificate or other instrument or document furnished or to be furnished to Buyer hereunder, (iii) any liability, debt, or obligation arising or related to health insurance policies, employee benefit plans,

retirement plans, individual retirement accounts, or 401(k) accounts related to, managed by, belonging to, or held for the benefit of, Sellers, their officers, members, shareholders, employees, or any other third parties, and (iv) all actions, suits, proceedings, investigations, demands, assessments, judgments, costs, fines, expenses, appeals, attorneys' fees, and expenses incident to any of the foregoing. Seller shall promptly pay any such item covered by this indemnity clause or shall, upon demand.

(b) No party shall have any liability to another party under this section for damages to the extent that:

- i. the indemnified Party recovers insurance proceeds covering the damages; or
- ii. the indemnified Party's tax liability is actually reduced as a result of a tax benefit to which the indemnified Party becomes entitled in respect of the damages.

(c) If at any time subsequent to the receipt by an indemnified Party of an indemnity payment hereunder, such indemnified Party, or any affiliate thereof, receives any recovery, settlement or other similar payment with respect to the damages for which it received such indemnity payment including insurance proceeds, or a tax benefit, (the "Recovery"), such indemnified Party shall promptly pay to the indemnifying Party an amount equal to the amount of such Recovery, less any expense incurred by such indemnified Party (or its affiliates) in connection with such Recovery, but in no event shall any such payment exceed the amount of such indemnity payment.

(d) Seller shall have no liability or obligation under this Section for any Damages resulting from the inaccuracy or breach of any representation or warranty if such inaccuracy or breach is disclosed in writing by Seller prior to Closing.

12. CANCELLATION OF EXISTING COMMITMENTS.

Except as provided herein, and with the prior consent of Buyer, Seller hereby agrees and consents to the cancellation and termination, as of the date of the Closing, of any contract, commitment or undertaking with respect to Systems which it has made with any other person, firm, or corporation, other than this Agreement and excepting those contracts, commitments, or undertakings which by their terms are not cancelable or terminable, or which have been assumed by Buyer pursuant hereto, and each party hereto shall take such action as is necessary to effect such cancellation and termination.

13. TAP FEES.

Seller shall pay over to Buyer any tap fees which may be paid to Seller by any customer of the Systems following the Closing for projects and anticipated service connections to the Systems.

14. PRORATIONS.

The Parties shall allocate operating income and expenses as follows:

(a) Generally, all operating income and operating expenses of Seller shall be adjusted and allocated between the parties to reflect the principle that all such income and expenses related to the operation of the Systems on or before the Closing Date shall be for the account of Seller, and all income and expenses related to the operation of the Systems after the Closing Date shall be for the account of Buyer.

(b) The allocations and prorations to be made pursuant to this Section shall be computed in a manner consistent with the assumptions, categories, classifications, judgments and allocation, valuation and estimation methodologies set forth on **Schedule 14**. Allocations made pursuant to this Section shall be made in accordance with GAAP unless it would be inconsistent with the express provisions of this Agreement

(c) Within sixty (60) days of the Closing Date, Buyer shall prepare and deliver to Seller updated Proration Amounts, if necessary, with a brief explanation in reasonable detail consistent with **Schedule 14**. The Proration List shall become final and binding upon the Parties thirty (30) days following delivery thereof, unless Seller gives written notice of its disagreement with the Proration List. Both Parties mutually agree to resolve any disagreement within thirty (30) days after Seller has notified Buyer of a disagreement. If Parties cannot agree to remedy, both Parties will refer the disagreement to a mutually agreeable independent accountant for resolution. Any amounts owing to Seller or Buyer based on the Proration List will be paid in a lump sum and will not affect the principal amount of the Promissory Note.

15. RETIREMENT AND BENEFIT PLANS

Buyer will not be responsible for any funding or continued operation of any health insurance policies, employee benefit plans, retirement plans, individual retirement accounts, or 401(k) accounts related to, managed by, belonging to, or held for the benefit of, Sellers, their officers, members, shareholders, employees, or any other third parties,

16. FILINGS AND AUTHORIZATIONS.

(a) Buyer will, at its expense and as promptly as practicable, make or cause to be made all such filings and submissions under laws, rules and regulations applicable to it as may be required to consummate the terms of this Agreement, including but not limited to submission of this Agreement for approval by the SCPSC and DHEC. Any such filings and supplemental information will be in substantial compliance with the requirements of the applicable laws, rules or regulations.

(b) Buyer and Seller shall furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission to any regulatory authority having jurisdiction over the Systems (an "Authority").

(c) Seller and Buyer shall keep each other apprised of the status of any communications with, and inquiries or requests for additional information from, any Authority, and shall comply promptly with any such inquiry or request.

(d) Buyer will use its reasonable best efforts to obtain any clearance from any other Authority necessary for the consummation of the transactions contemplated in this Agreement in accordance with the terms and conditions hereof.

(e) Notwithstanding the foregoing, nothing contained in this Section will require or obligate any party: (1) to initiate, pursue or defend any litigation (or threatened litigation) to which any Authority is a party; (2) to agree or otherwise become subject to any material limitations on: (i) the right of Buyer effectively to control or operate the Systems, (ii) the right of Buyer to acquire or hold the Systems, or (iii) the right of Buyer to exercise full rights of ownership of the Systems or all or any material portion of the purchased assets; or (3) to agree or otherwise be required to sell or otherwise dispose of, hold separate (through the establishment of a trust or otherwise), or divest itself of all or any portion of the business, assets or operations of Seller or Buyer, or the Systems. The Parties agree that no representation, warranty or covenant of Buyer or Seller contained in this Agreement shall be breached or deemed breached as a result of the failure by Buyer or Seller to take any of the actions specified in the preceding sentence.

17. MAINTENANCE OF BOOKS AND RECORDS.

Seller and Buyer shall cooperate fully with each other after the Closing so that (subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege) each party has access to the business records, contracts and other information existing at the Closing Date and relating in any manner to the matters made the subject of this Agreement or the operation of the Systems (whether in the possession of Seller or Buyer).

18. OPERATION OF WATER AND SEWER SYSTEMS.

After the Closing Date, Buyer shall perform all services necessary for the proper and effective operation and maintenance of the Systems.

(a) Compliance with Laws. Buyer shall assume ownership of the Systems and all responsibilities, obligations commitments associated with said ownership and provide operation and maintenance of the Systems in accordance with all applicable laws, rules, regulations, orders, judgments and ordinances.

(b) Licenses and Permits. Buyer shall at its cost be responsible for obtaining, and maintaining in force all permits, licenses, certifications and approvals, including all National Pollutant Discharge Elimination System ("NPDES") Permits and Underground Injection Control ("UIC") Permits as required by local, state and federal agencies and authorities for ownership and operation of the Systems. Buyer shall timely prepare and file any reports required by any licenses, permits or applicable law. The reports shall identify all maintenance activities and orders pending or completed.

PART C. MISCELLANEOUS

19. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

Seller and Buyer agree that none of the Parties have made any representation, warranty, or covenant not set forth herein or called for hereby and that this Agreement constitutes the entire agreement between the Parties. All representations, warranties, covenants, and agreements made in or pursuant to this Agreement shall survive the Closing for the term of any applicable statute of limitations and shall survive any investigation at any time made by or on behalf of Buyer.

20. AMENDMENT AND TERMINATION OF AGREEMENT, WAIVER.

Seller and Buyer, by mutual consent of their respective members, boards of managers or boards of directors, may amend or modify this Agreement in such manner as may be agreed upon, by written instrument executed by Seller and Buyer, at any time after execution of this Agreement and prior to the Closing. This Agreement may be terminated by Seller or Buyer for failure of any condition precedent to the obligations of the terminating party or for any material breach of this Agreement by the other party hereto, by a written notice delivered or mailed to the other party, except that a party, hereto may, at its option, waive in writing the observance or performance of any or all the terms and conditions herein contained to which its obligations hereunder are subject. No such waiver shall operate as a waiver of any other conditions or rights, which the waiving party may have and which have not been expressly waived in writing. Further, in the event, either party terminates, or attempts to terminate, this Agreement, or fails or refuses to proceed to the Closing hereof, in the absence of either (a) joint written agreement of the Parties, (b) failure of any condition precedent, or (c) material breach of this Agreement by the other party, then, in such event, the non-breaching party shall be entitled to equitable relief, including injunctive relief or specific performance, as well as to all other remedies which may be available to such non-breaching party under this Agreement or by operation of law.

21. EXECUTION IN COUNTERPARTS.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Further, the Parties agree this Amendment may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (*e.g.*, DocuSign, ContractWorks, or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind the party so signing as a paper copy bearing such party's hand-written signature. The Parties consent and agree that the electronic signatures appearing on this Agreement, if any, shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

22. PARTIES IN INTEREST.

This Agreement shall inure to the benefit of, and be binding upon, the Parties named herein and their respective successors and assigns, provided that any assignment of this Agreement must take place with Seller's prior written consent, which shall not be unreasonably withheld. Seller shall have the right to transfer its rights under the agreement with prior written notice to Buyer. Nothing in this Agreement, express or implied, confers or is intended to confer upon any other person, firm, or corporation (other than the Parties hereto or their respective successors or assigns) any rights or remedies under, or because of, this Agreement. Any successor to, or assignee of, Buyer's

ownership of the Systems shall be a third-party beneficiary of the rights, remedies, duties and obligations of Buyer hereunder.

23. CERTAIN TAXES AND EXPENSES.

Buyer and Seller shall pay equal shares of all state and local sales, use, transfer, real property transfer, documentary stamp, recording and other similar taxes arising from and with respect to the sale and purchase of the Systems, if any. Except as otherwise provided in this Agreement, each of the Parties hereto shall bear its respective accounting, legal and other expenses incurred in connection with the transactions contemplated by this Agreement.

24. NON-DISCLOSURE AGREEMENT.

The Parties agreed to abide by the terms of the Mutual Confidentiality Agreement dated March 9, 2020 attached as **Schedule 24** to this Agreement (the “Confidentiality Agreement”). The Parties agree to continue to abide by the terms of the Confidentiality Agreement, with Buyer being substituted for “SWWC,” from the effective date of the Confidentiality Agreement until two years after the Closing Date.

25. GOVERNING LAW.

The Parties hereto acknowledge that this Agreement has been negotiated and entered in the State of South Carolina. The Parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the laws of the State of South Carolina.

26. TAX CUTS & JOBS ACT REFUNDS.

Following the Closing, Buyer will issue all refunds to Seller’s customers related to the Tax Cuts and Jobs Act (“TCJA”), as ordered by the SCPSC in Docket No. 2019-64-WS, Order No. 2020-94, issued on January 30, 2020, with funds to be provided by Seller. The Parties’ joint application for SCPSC approval of the sale of the Systems to Buyer and this Agreement will include a statement confirming Buyer’s acceptance of this responsibility and Seller’s obligation to fund the TCJA refunds. At the Closing, Seller will pay to Buyer \$33,508 in immediately available cash funds, which is the full amount necessary to fund the TCJA refunds ordered by the SCPSC. Buyer will notify SCPSC and Seller following completion of the refunds to be made to the customers pursuant to this Section 26.

27. RETURN OF EARNEST MONEY DEPOSIT.

On or about March 13, 2020, in accordance with the terms of Seller’s Letter of Intent with Buyer’s parent company, SouthWest Water Company (“SWWC”), dated March 9, 2020, SWWC paid Seller a [REDACTED] earnest money deposit (“Earnest Money”). All Earnest Money will be immediately returned to SWWC:


- (a) If there is no Closing due to the SCPSC not approving the sale of the Systems to Buyer and this Agreement.

- (b) If there is no Closing due to the SCPSC issuing an order approving the sale of the Systems to Buyer and this Agreement but subject to terms not acceptable to Buyer.
- (c) At the Closing, with no adjustment to the purchase price, as long as the Closing occurs within 45 days after the first meter read after the issuance of an SCPSC order approving the sale of the Systems to Buyer that is acceptable to Buyer.

***** *Signature Page Follows* *****

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers, all as of the date first above written.

SELLER:
CUC, INC.

By: 
Name: Susan B. Mikell
Its: President

BUYER:
SOUTH CAROLINA WATER UTILITIES –
CUC, INC.


By: 
Name: Craig Sorensen
Its: President

Exhibit A
Form of Promissory Note

[To be attached]

PROMISSORY NOTE

Beaufort, South Carolina
 _____, 2020 ("Origination Date")

For value received, South Carolina Water Utilities - CUC, Inc., a South Carolina corporation ("Maker"), a wholly owned subsidiary of SouthWest Water Company ("SWWC"), promises to pay to the order of CUC, Inc., a South Carolina corporation, or its successor entity that is beneficially owned by CUC, Inc.'s current shareholders, Billy F. Burnett and Susan B. Mikell ("Holder"), the aggregate principal amount of _____ (the "Principal Balance") together with interest ("Interest") accruing on the outstanding unpaid balance of the Principal Balance from the date of this Promissory Note (this "Note") until the Principal Balance, accrued Interest and all other amounts due hereunder are repaid in full, at the Interest Rate. The "Interest Rate" shall, be _____ percent per annum. Interest will be computed on the basis of actual days in a month divided by actual days in a year. For purposes of this Note, "Obligations" means, collectively, any and all indebtedness, obligations, and liabilities of any nature whatsoever, of Maker to Holder hereunder, including the repayment of the entire Principal Balance and all accrued and unpaid Interest, fees, and expenses owed by Maker to Holder pursuant to the terms and conditions of this Note.

1. **PAYMENT.** Maker shall repay the Obligations to Holder in _____ on the first day of the month beginning after the Origination Date first written above and continuing on the first day of each month of each year thereafter until the principal sum stated above has been paid in full on or before the final "Maturity Date" which shall be the first day of the _____ month after the Origination Date. All payments will first be applied to the repayment of accrued fees and expenses, then to accrued Interest until all then outstanding accrued Interest has been paid, and then shall be applied to the repayment of the Principal Balance. Any payment not received by the Holder by the end of the fifth (5th) day of the month in which it becomes due shall be deemed late, and any such late payment shall accrue an immediate late penalty charge of _____. If payment, plus accrued late penalty charge is not paid by the tenth (10th) day of the same month, then an additional late penalty charge of _____ per day shall accrue. Holder agrees to notify Maker within five (5) days of becoming aware that payment has not been received.

2. **PREPAYMENT.**

[REDACTED]

3. AFFIRMATIVE COVENANTS. Maker covenants and agrees that, from the date hereof and until payment in full of the principal of, and Interest on this Note pursuant to the specific terms and conditions hereunder, unless the Holder shall otherwise consent in writing, Maker will:

3.1 Maintenance of Existence, Etc. Preserve and maintain its existence and good standing in the jurisdiction of its formation, qualify and remain qualified to transact business in all jurisdictions, and obtain and maintain all licenses, permits, franchises, patents, copyrights, trademarks, tradenames, or rights thereto which are material to the conduct of its business or required by law.

3.2 Compliance with laws. Comply in all material respects with all applicable laws (including all laws relating to the environment), which, if not complied with, could reasonably be expected to have a Material Adverse Effect or result in criminal sanctions. In addition, the Maker agrees to cause all persons occupying or present on any of its properties to comply in all material respects with all such laws. For purposes of this section, "Material Adverse Effect" means a material adverse change in or effect on the business, operations, financial condition, properties, liabilities or prospects of that party taken as a whole.

3.3 Insurance. Maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same business and similarly situated, for as long as any amount is due to Holder under this Note. In the event of any loss, Maker will use all of the insurance proceeds to return the damaged property back into the condition it was in prior to the loss. The Maker agrees to furnish to Holder such proof of compliance with this requirement as Holder may from time to time reasonably require.

3.4 Property Maintenance. Maintain all of its properties that are necessary to or useful in the proper conduct of its business in good repair, working order and condition, ordinary wear and tear excepted, and make all alterations, replacements and improvements thereto as may from time to time be reasonably necessary in order to ensure that its properties remain in good working order and condition.

3.5 Books and Records. Keep adequate records and books of account in which complete entries will be made in compliance with Generally Accepted Accounting Principles ("GAAP").

3.6 Reports and Notices. Furnish to Holder as soon as available, annual financial statements of South Carolina Water Utilities - CUC, Inc. and its parent company, SouthWest Water Company, Inc. ("SWWC"), prepared in accordance with GAAP consistently applied. SWWC's (but not South Carolina Water Utilities - CUC, Inc.'s) financial statements shall: (a) be audited by a firm of independent certified public accountants selected by SWWC; (b) be accompanied by a report of such accountants containing an opinion to the effect that the financial statements: (i) were audited in accordance with generally accepted auditing standards; and (ii) present fairly, in all material respects, the financial position of SWWC as at the end of the year and the results of its operations for the year then ended, in conformity with GAAP; (c) be prepared in reasonable detail and in comparative form; and (d) include a balance sheet, a statement of income, a statement of retained earnings, a statement of cash flows, and all notes and schedules relating thereto.

3.7 Conduct of Business. Engage in a commercially reasonable manner the business conducted by it.

3.8 Creditworthiness. Notify Holder reasonably promptly if at any time SWWC's long-term credit rating, as reported by S&P Global Ratings, falls below "BBB."

4. NEGATIVE COVENANTS. Unless otherwise agreed to in writing by Holder, while this Agreement is in effect, the Maker will not:

4.1 Change in Business. Engage in any business activities or operations substantially different from or unrelated to its present business activities or operations.

4.2 Sale of Business. Sell, transfer, or otherwise dispose of all or substantially all of the operating assets of the business without Maker first providing to Holder thirty (30) days advance written notice of such contemplated transaction and obtaining Holder consent to such transaction, which shall not be unreasonably withheld.

5. DEFAULT. Default shall mean the occurrence of any event which with the giving of notice or the passage of time would become an Event of Default under this Note.

6. Any of the following events or conditions shall constitute an Event of Default by Maker under this Note:

6.1 Payment Default. The Maker should fail to make when due any payment, including any accrued late penalty charges, to Holder hereunder, and such failure

continues for thirty (30) days after written notice thereof shall have been delivered to the Maker by Holder.

6.2 Covenants. The Maker should fail to perform or comply with any covenant set forth in Sections 3 (Affirmative Covenants) or 4 (Negative Covenants) hereof and such failure continues for 30 days after written notice thereof shall have been delivered to the Maker by Holder.

6.3 Insolvency, Etc. The Maker shall: (A) become insolvent or shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or (B) suspend its business operations or a material part thereof; or (C) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property; or (D) have commenced against it any action or proceeding in which a trustee, receiver, or other custodian, is appointed for all or any part of its property; (E) have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction; or (F) make an assignment for the benefit of creditors or commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction.

6.4 Casualty or Condemnation. All or a material portion of the operating assets of the Maker: (1) are destroyed in an uninsured casualty or like event (regardless of the cause) and such operating assets are not restored within three-hundred and sixty-five (365) days of the causative event; or (2) is taken in a condemnation action or proceeding or in a like proceeding or is sold or otherwise transferred in lieu thereof or pursuant to any right of any governmental authority to direct the sale of transfer thereof.

7. CURING DEFAULT. Notwithstanding anything to the contrary herein no event of Default shall occur unless the Holder has provided the Maker prior written notice of the potential Event of Default and permitted the Maker thirty (30) business days after such notice to cure such potential Event of Default before it becomes an Event of Default; provided however, (i) the notice given pursuant to this paragraph shall constitute the notice, if any, required in connection with any other cure period provided for herein, and (ii) no Event of Default shall exist unless it has occurred and is continuing.

8. REMEDIES. Upon the occurrence of an Event of Default hereunder, Holder shall have the right to declare the entire Principal Balance and all other Obligations, including, but not limited to, the Prepayment Penalty contained in Paragraph 2 above, immediately due and payable, or to seek any other remedy as may be provided or allowed by law. In the event Holder chooses the remedy of Foreclosure upon the occurrence of an Event of Default, then the total debt due to Holder thereunder shall include the Prepayment Penalty as set forth in Paragraph 2 above. No delay or omission on the part of Holder in exercising any right or remedy under this Note shall operate as a waiver of such right or remedy.

9. WAIVERS. Maker expressly agrees that, without in any way affecting the liability of Maker hereunder, Holder may extend any date or time for payment hereunder, accept security or release any party liable hereunder and release any security now or hereafter securing this Note.

10. SECURITY. This Note is secured by a first mortgage and security agreement upon all of the real and personal property being conveyed pursuant to that certain Purchase Agreement by and between CUC, Inc. and South Carolina Water Utilities - CUC, Inc. dated as of _____, 2020, and the same is hereby made a part of this Note (the "Security Agreement") given by Maker to Holder contemporaneously with the execution of this Note; provided, that solely with respect to such personal property, (i) Maker shall have the right to sell personal property assets which are no longer used and useful in the operation of the water and wastewater systems located on the premises without the written consent of the Holder and (ii) Maker shall have the right to sell any other personal property assets with the written consent of the Holder, which shall not be unreasonably withheld. For the sake of clarity and notwithstanding the foregoing, at all times during which any amount remains due to Holder under the terms of this Note, Holder shall be entitled to retain a first mortgage lien position on all real property, which was conveyed pursuant to the Purchase Agreement in order to secure the performance of this Note.

11. NOTICES. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or sent by registered or certified mail, return receipt requested, to the address for the relevant party set forth below. The addressees for the purpose of this Note may be changed by giving written notice of such change in the manner provided for giving such notice. However, unless and until such written notice of change is actually received, the last address and addressees as stated by written notice, or provided herein if no notice of change has been received, shall be deemed to continue in effect for all purposes hereunder.

If to Holder:

CUC, Inc.
3779 Byrnes Boulevard
Florence, SC 29506
Attn: Susan B. Mikell

If to Maker:

South Carolina Water Utilities - CUC, Inc.
c/o SouthWest Water Company
12535 Reed Road
Sugar Land, TX 77478
Attn: Chief Financial Officer

with copy to:
SouthWest Water Company
1325 N. Grand Ave Suite 100
Covina, CA 91724
Attn: General Counsel

12. SEVERABILITY. Every provision of this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or

invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions, which shall remain binding and enforceable.

13. NUMBER AND GENDER. In this Note the singular shall include the plural and the masculine shall include the feminine and vice versa, if the context so requires.

14. ASSIGNMENT.

14.1



14.2 Maker may not assign, transfer, hypothecate or otherwise convey its rights, duties or Obligations, under this Note without the written consent of Holder, which shall not be unreasonably withheld. Any such assignment, transfer, hypothecation or conveyance is subject to the provisions of Section 10 above.

15. GOVERNING LAW. This Note shall be construed and enforced in accordance with the laws of the State of South Carolina without regard to its conflicts of law rules. Any action arising under or concerning the enforcement of this Note must be brought exclusively in the state or federal courts in South Carolina.

16. COUNTERPARTS/EXECUTION. This Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any signed copy of this Note or of any other document or agreement referred to herein, or copy or counterpart thereof, delivered by facsimile transmission, by e-mail in portable document format (".pdf"), electronic signature (*e.g.*, DocuSign, ContractWorks, or similar electronic signature technology) or similar format, shall for all purposes be treated as if it were delivered containing an original manual signature of the signature which appears in the facsimile or e-mail, and shall be binding upon such party in the same manner as though an originally signed copy had been delivered.

By signing below, Maker hereby expressly agrees to each of the terms and conditions, and to fulfill the payment Obligations, set forth above:

MAKER

South Carolina Water Utilities - CUC, Inc.

By: _____
 Name:
 Title:

Address:

Agreed to and Acknowledged by **HOLDER:**

CUC, Inc.

By: _____
Name:
Title:

Exhibit B
Form of Bill of Sale

This Bill of Sale (this “**Bill of Sale**”) dated as of [____], 2020 is made by **CUC, INC.**, a South Carolina corporation (“**Seller**”) and **SOUTH CAROLINA WATER UTILITIES – CUC, INC.**, a South Carolina corporation (“**Buyer**”). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Asset Purchase Agreement (as defined below).

RECITALS

WHEREAS, Seller and Buyer have executed and delivered an Asset Purchase Agreement (the “**Asset Purchase Agreement**”), dated as of [____], 2020, pursuant to which Seller has agreed to sell to Buyer all of Seller’s right, title and interest in and to the Assets, in exchange for the consideration set forth therein; and

WHEREAS, pursuant to the terms of the Asset Purchase Agreement, Seller desires to transfer and assign to Buyer all of Seller’s right, title and interest in and to the Assets, and Buyer desires to acquire all of Seller’s right, title and interest in and to the Assets.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and effective as of the Closing, Seller does hereby sell, transfer, convey, assign, and deliver unto Buyer, its successors and assigns forever, all of Seller’s right, title, and interest in and to the Assets, free and clear of all liens, claims, encumbrances and violations, except Permitted Liens. Notwithstanding anything expressed herein to the contrary, the Excluded Assets are specifically excluded from the Assets and shall be retained by Seller following the Closing.

This Bill of Sale and all of the provisions hereof shall be binding upon Seller and its successors and permitted assigns and shall inure to the benefit of Buyer and its successors and permitted assigns.

This Bill of Sale is being delivered pursuant to the Asset Purchase Agreement and shall be construed consistently therewith. In the event of any conflict or ambiguity between the terms of the Asset Purchase Agreement and the terms of this Bill of Sale, the terms of the Asset Purchase Agreement shall control. This Bill of Sale is not intended to, and does not in any manner, enlarge, diminish or modify the rights and obligations of the parties to the Asset Purchase Agreement, including without limitation any representations, warranties or indemnification obligations contained therein.

The parties hereto agree to execute such documents and other papers and perform such further acts as may be reasonably required to carry out the provisions hereof and the transactions contemplated hereby.

[Remainder of Page Intentionally Blank.]

IN WITNESS WHEREOF, the Parties have caused this Bill of Sale to be executed by their duly authorized officers, all as of the date first above written.

SELLER:
CUC, INC.

BUYER:
SOUTH CAROLINA WATER UTILITIES –
CUC, INC.

By: _____
Name: _____
Its: _____

By: _____
Name: Craig Sorensen
Its: President

SCHEDULE 1(a)**Real & Personal Property****Included Assets**

- All assets included on the Fixed Asset Listing attached to this schedule.
- All assets currently in place or in use on both islands, including, but not limited to, office equipment, laboratory equipment, pumps, locators, and tools. Assets included but not limited to are:
 - Spring Island WWTP Site (Beaufort County Parcel ID R600-016-000-0164-0000)
All that certain piece, parcel, or tract of land located on Spring Island, Beaufort County, South Carolina, having and containing 1.51 acres, more or less being shown and described on a plat entitled "Water Treatment Plant Spring Island Prepared For Spring Island Beaufort County South Carolina" dated December 8, 1997, certified to by David E. Gasque, R.L.S. (S.C. #10506), said plat being recorded in the Office of the Beaufort County Register of Deeds in Plat Book 63 at Page 118. Spring Island Company, L. P. (and its successors or assigns) have rights to a "50' Easement" on the above referenced plat which lies between Spring Island Drive and the water treatment plant site *per se* which does not defeat or unduly restrict the ability to realize ingress and egress.
 - Callawassie Island WWTP Site (Beaufort County Parcel ID R600-015-00B-0142-0000)
All that certain piece, parcel, or tract of land shown and described as "Waste Water Treatment Parcel" containing 0.947 acres; and ALL that certain piece, parcel, or tract of land shown and described as "Pumphouse Parcel" containing 0.008 acres on a plat entitled "A Plat of 0.955 Acres, A Section of Callawassie Island, Beaufort County, South Carolina," prepared by Jerry L. Richardson of Coastal Surveying Co., Inc. of Hilton Head Island, South Carolina, SCRLS #4784, dated February 25, 1985, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 32 at Page 225.
 - 2013 Caterpillar Backhoe 416F (Serial #KSF00825)
 - 2016 Polaris Ranger 570 R16RMA57A1 (VIN 3NSRMA579GE751377)
 - 2019 Ford-F-150 (VIN 1FTEW1E58KFA84759)
 - 2019 Ford F-150 (VIN 1FTEX1CBXKKC00590)
 - 2019 Ford F-150 (VIN 1FTEX1CB2KFA05611)
 - 2019 Ford F-150 (VIN 1FTEX1CB5KKC06832)

Excluded Assets

- [REDACTED]
- [REDACTED]
- [REDACTED]

Fixed Asset Listing

1. Sewer Plant
2. Sewer Pump
3. Sewer Pump
4. Sewer Pump
5. Sewer Main
6. Sewer Main
7. Sewer Main
8. Sewer Pump Station
9. Sewer Main
10. Water Main
11. Water Main
12. Water Main
13. Water Main
14. Kawasaki Mule 550
15. Hydromatic Non-Clog Pump
16. A/C Unit SI Plant
17. FP Ultimate Mail Machine
18. Shovel
19. Alum Ladder
20. AL Wrench CWWTP
21. Multiparameter Water Quality Analyser
22. Meters
23. Master Meter
24. 12 1 Meters and Supplies
25. 24 3/4 Meters, 4 1 Meters
26. 12 Meters
27. Meters Water
28. Water Meters
29. Alum Ladder
30. Computer
31. Folder/Inserter Machine
32. Electric Winch
33. Locator
34. 13-3/4" Water Meters
35. 8 Master Meters
36. 13-3/4 Water Meters
37. 12 3/4 MSTR Meters
38. Water Meters
39. Master Meter
40. 4 Master Meters
41. Dissolved Oxygen Meter
42. 2 Master Meters
43. 6 MSTR Meters 12 3/4
44. 10 Meters
45. 4 Meters

46. 18 Meters
47. Meters
48. YSI pH Meter
49. A/C Unit
50. 4 Meters
51. 4 Meters and Washers
52. 2" Meters
53. 18 - 3/4" Meters 8-1" Meters
54. Cat Backhoe
55. 2014 Ford F-150
56. Twelve 5/8" x 3/4" Meters
57. 2 Saddles and 2 Corp Stops
58. 6 Ball Check Valves
59. WWTP Flow Meter for SI
60. Locator
61. 2014 Ford F-150
62. 2014 Ford F-150
63. 8 Ball Check Valves
64. 12 Water Meters and Related
65. Ditch Witch Locator
66. Pump for SL
67. SI Plant Actuator
68. Ditch Witch Locator
69. 5 1-1/4 inch Ball Check Values
70. 12 5/8" X 3/4" Meters
71. Parts & Supplies for Installation of 2" Meters
72. 2" Meter and Accessories
73. 8 1" Meters
74. 12 3/4" Meters
75. 2016 Polaris 570 Ranger
76. Unidentified Item
77. 2 Two-Inch Meters & Related Parts
78. 1 1/2" Water Meter
79. 8 1" Water Meters, 4BFP
80. 8 1" Meters
81. 12 - 3/4" Meters
82. 12 - 3/4" Meters
83. 6 3/4" Meters, 3 1" Meters, 20 Back Flow Preventers
84. Five 1" Meters
85. Twelve 1-1/4" Ball Check Valves
86. 18 1" Angle Valves
87. Six 5/8" x 3/4" Meters
88. Twelve 1" Meters
89. Control Panel for SI Lift Station 1
90. Control Panel for SI Lift Station 2
91. Hydrant
92. DS-35 Folder Insertter Neopost

93. DS-35 Folder Inserter Neopost
94. YSI Proplus Meter & Dual Probe Cable
95. Refurbished Flow Meter
96. 5-1/4 MUL/HYD 1'6 HYD Ext Kit
97. 2019 Ford F150 - VIN:1FTEX1CBXKKC00590
98. 2019 Ford F150 - VIN:1FTEX1CB2KFA05611
99. 2019 Ford F150 - VIN:1FTEW1E58KFA84759
100. 2019 Ford F150 - VIN:1FTEX1CB5KKC06832
101. 2 Keen KG3-2083 Pumps and 2 Adapter Myers RWG and 4 Myers G
102. 2 Mstr Mtr and Supplies
103. 1 Mueller Angle Valve and 3/4 Mueller Angle Valve
104. 12 5/8 3/4 Mstr Mtr
105. 6 1X3/4 Watts LF7R10-U2 and Related Supplies
106. 4X1 Romac 202NS & 1 McDonald 74701 Corp Stop
107. 2 Mstr Mtr M23/ 1Mstr MR B16 and Supplies
108. 2 McDonald 4754/74753/760101W and Mstr Mtr M24
109. GF 1580 RNG&CVR Swr Low Profile

SCHEDULE 1(b)

Leases

- Postage Equipment: FP Post Base 30 and Sealer
Lease automatically renewed through February, 2021. Requires 90-day written notice before end of lease to stop it from renewing again.

Easements:

- Easement by and among Spring Island Company, L.P. and CUC, Inc. effective August 13, 1998
- That certain easement granted to CUC, Inc. pursuant to the terms of the Water and Sewer Facility Sales and Operating Agreement by and between Three Fountainview Corporation and CUC, Inc. dated November 4, 1983

SCHEDULE 1(c)

Permits:

- Land Application Discharge permit No. ND0062235 (Callawassie WWTP)
- Land Application Discharge permit No. ND0077828 (Spring Island WWTP)

SCHEDULE 1(d)

Manuals:

Standard Operating Procedure for Daily Field Testing of pH, Dissolved Oxygen and Temperature

Callawassie Island/Spring Island Water Distribution Manual

CUC, Inc. Cross-Connection Control Policy

Callawassie Island and Spring Island Emergency Response Plan

We have Tier 2 Incident Re-Entry Passes for our Operators

Maps:

All utility system maps located in the Okatie or Florence, SC offices.

SCHEDULE 1(e)**Contracts**

- Water and Sewer Facility Sales and Operating Agreement by and between Callawassie Island Company, L.P., and CUC, Inc., and Spring Island Company, L.P. dated July 20, 1990, as amended August 8, 1991 and December 28, 2004, as assigned by Callawassie Island Company, LP to Callawassie Island Property Owners' Association on June 7, 2000
- Water and Sewer Facility Sales and Operating Agreement by and between by and between Three Fountainview Corporation and CUC, Inc. dated November 4, 1983
- Capital Contribution and Water Supply Agreement by and between Beaufort-Jasper County Water Authority and Three Fountainview Corporation dated October 19, 1983
- Vehicle Retail Contracts between Ford Credit and CUC, Inc., dated February 26th and 27th, 2019 for Ford F-150s with VIN#s 1FTEX1CB2KFA05611, 1FTEW1E58KFA84759 , 1FTEX1CBXKKC00590, and 1FTEX1CB5KKC06832
- All books and records located at the Okatie and Florence, SC offices to extent relating to the Systems (including, but not limited to, customer applications)

SCHEDULE 1(f)

Financial Information

Income statement and balance sheets for fiscal years 2017 – 2019.

SCHEDULE 2(a)

Assumed Liabilities

Ford F-150 Pickup Trucks

Payment Amount: \$2,397.95 per month through February, 2023

Ford Truck Payment Acct. #57494352: \$674.09

Ford Truck Payment Acct. #57482027: \$574.61

Ford Truck Payment Acct. #57482251: \$574.64

Ford Truck Payment Acct. #57484881: \$574.61

FP Post Base 30 and Sealer: \$265.43/per quarter through February, 2021

SCHEDULE 6(b)

Seller Authorization

Attached.

CUC, Inc.

MINUTES OF MEETING

A meeting of the shareholders of CUC, Inc. ("Corporation") was held on June 24, 2020. The Corporation's sole shareholders were in attendance, and adopted the attached Resolution to enter into a Purchase Agreement with South Carolina Water Utilities – CUC, Inc.

I certify these minutes to be true and complete.



President

CUC, Inc.

RESOLUTION

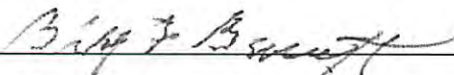
Date: June 24, 2020

Whereas, CUC, Inc. ("Corporation") desires to enter into a Purchase Agreement to sell all, or substantially all, of the Corporation's assets to South Carolina Water Utilities – CUC, Inc.,

The undersigned shareholders, who own all issued shares in the Corporation, hereby authorize Billy F. Burnett and Susan B. Mikell, to enter into the Purchase Agreement on behalf of the Corporation and take all necessary steps to effectuate the underlying transaction.

The undersigned further certify that the adoption of this Resolution is in full compliance with the Corporation's by-laws.

IT IS SO RESOLVED.



Billy F. Burnett



Susan B. Mikell

SCHEDULE 6(c)

Exceptions to Good Title

Ford F-150 (4): Installment sales between Ford Credit and CUC, Inc. with final payments set to be made in February, 2023. Buyer agrees to assume these loans.

SCHEDULE 6.6(e)

ROFR Waivers

WAIVER OF RIGHT OF FIRST REFUSAL

WHEREAS, Spring Island Property Owners Association ("SIPOA"), pursuant to that certain Water and Sewer Facility Sales and Operating Agreement (as amended, the "Agreement"), dated as of July 20, 1990 by and among CUC, Inc., ("CUC"), SIPOA (by assignment from Spring Island Company, LP) and Callawassie Island Property Owners Association (by assignment from Callawassie Island Company, LP) has a right of first refusal to purchase all of the issued and outstanding shares, assets, or a controlling interest therein of CUC in the event CUC offers to sell, or enters into an agreement to sell such shares, assets or controlling interest, upon the same terms and conditions of any bona fide offer to or from any bona fide purchaser; and

WHEREAS, SIPOA has now been informed that CUC has received a bona fide offer to purchase its assets from South Carolina Water Utilities – CUC, Inc. ("Buyer"), SIPOA has entered a Mutual Confidentiality Agreement with CUC regarding said offer, and SIPOA has been in contact with CUC and representatives of Buyer to review the terms of that offer.


NOW, THEREFORE, SIPOA, through its undersigned officer, hereby asserts and acknowledges as follows: SIPOA has received the basic terms and conditions of the offer to purchase the assets of CUC, and after a meeting with its officers authorized to make decisions on its behalf, SIPOA hereby waives, releases and relinquishes, its right of first refusal as to the offer of Buyer to purchase the assets of CUC; provided, however, that nothing contained herein shall operate as a waiver of SIPOA's right of first refusal if CUC does not close on the sale of its assets to Buyer, nor SIPOA's right of first refusal in the event of a subsequent sale of the outstanding shares of, controlling interest in, or assets of, the Buyer. Additionally, nothing contained herein shall be deemed as SIPOA's consent to the sale of CUC's assets to the Buyer, which consent, if given, shall be documented in a separate instrument.

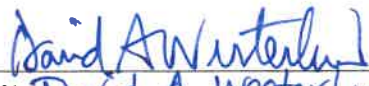
By signing below, the undersigned asserts that he is fully authorized to sign this Waiver of Right of First Refusal on behalf of SIPOA.

Witness my hand and seal this 28 day of August, 2020.

WITNESS:

SPRING ISLAND PROPERTY OWNERS
ASSOCIATION


Name: Leslie D. Walls

By: 
Name: David A. Westerlund
Its: President

WAIVER OF RIGHT OF FIRST REFUSAL

WHEREAS, Callawassie Island Property Owners Association ("CIPOA"), pursuant to that certain Water and Sewer Facility Sales and Operating Agreement (the "Callawassie Agreement"), dated as of November 4, 1983 by and among CUC, Inc. ("CUC") and CIPOA (by assignment from Callawassie Island Company, L.P., by assignment from Callawassie Development Corporation, by assignment from Callawassie Island Ltd. Partnership, by assignment from Three Fountain View Corporation), has a right of first refusal to purchase all of the issued and outstanding shares, assets, or a controlling interest therein of CUC in the event CUC or its sole shareholder, BWB, Inc., offers to sell, or enters into an agreement to sell such shares, assets or controlling interest, upon the same terms and conditions of any bona fide offer to or from any bona fide purchaser; and

WHEREAS, CIPOA, pursuant to that certain Water and Sewer Facility Sales and Operating Agreement (as amended, the "Agreement"), dated as of July 20, 1990 by and among CUC, CIPOA (by assignment from Callawassie Island Company, LP) and Spring Island Property Owners Association (by assignment from Spring Island Company, LP) has a right of first refusal to purchase all of the issued and outstanding shares, assets, or a controlling interest therein of CUC in the event CUC offers to sell, or enters into an agreement to sell such shares, assets or controlling interest, upon the same terms and conditions of any bona fide offer to or from any bona fide purchaser; and

WHEREAS, CIPOA has now been informed that CUC has received a bona fide offer to purchase its assets from South Carolina Water Utilities - CUC, Inc. ("Buyer"), CIPOA has entered a Mutual Confidentiality Agreement with CUC regarding said offer, and CIPOA has been in contact with CUC and representatives of Buyer to review the terms of that offer.

NOW, THEREFORE, CIPOA, through its undersigned officer, hereby asserts and acknowledges as follows:

CIPOA has received information regarding the terms and conditions of the offer to purchase the assets of CUC.

After a meeting with its officers authorized to make decisions on its behalf, CIPOA hereby waives, releases and relinquishes, its right of first refusal only as to the offer of Buyer to purchase the assets of CUC as noticed to CIPOA in CUC, Inc.'s May 4, 2020 correspondence to it and disclosed to CIPOA on July 14, 2020; provided, however, that nothing contained herein shall operate as a waiver or relinquishment of CIPOA's right of first refusal if CUC does not close on the sale of its assets to Buyer on the specific terms disclosed to CIPOA, nor CIPOA's right of first refusal in the event of a subsequent sale of the outstanding shares or controlling interest in, or assets of, the Buyer.

By signing below, the undersigned asserts that he is fully authorized to sign this Waiver of Right of First Refusal on behalf of CIPOA.

Witness my hand and seal this 2nd day of September, 2020.

WITNESS:

Lindsey Coder

Name: Lindsey Coder

expires: Feb. 8, 2020

CALLAWASSIE ISLAND PROPERTY OWNERS ASSOCIATION:

By: Clifford A. Dykes

Name: Clifford A. Dykes

Its: President of
Callawassie Island
Property Owners
Association

SCHEDULE 14

Proration Methodology

This Schedule 14 sets forth certain assumptions, categories, classifications, judgments and allocation, valuation and estimation methodologies that the parties agree will be used in connection with allocations and prorations under Section 14 of the Agreement. Capitalized terms used but not defined herein shall have the meaning given such terms in the Agreement.

1. **Ad Valorem and Other Property Taxes; Assessments.** Real estate and personal property taxes and other assessments (including, without limitation, special assessments and improvement assessments) levied against the Assets shall be prorated at the Closing. Seller shall be responsible for all real property taxes and personal property taxes and other assessments for the period ending on the Closing Date and Buyer shall be responsible for all real property taxes and personal property taxes for the period beginning the day after the Closing. To the extent not known, real estate and personal property Taxes will be apportioned on the basis of Taxes assessed for the preceding year.
2. **Utility Expenses; Accounts Payable.** To the extent not paid by Seller as of the Closing, Seller will retain the obligation for payment of all trade accounts that were incurred on or prior to the Closing Date for work performed or materials delivered for the benefit of the Systems on or prior to the Closing Date. Buyer shall be responsible for all trade payables that arise or accrue for the benefit of the Systems after the Closing Date. Any amounts payable that cover both periods before and after the closing shall be prorated based upon number of days.
3. **Unbilled Revenue.** Revenue earned by the Systems during any period (or portion thereof) ending on the Closing Date shall be allocated to Seller and revenue earned by the Systems after the Closing Date shall be allocated to Buyer. Seller will read meters just prior to the Closing and will be responsible for preparing and delivering customer bills. The actual preparation and delivery of customers' bills will not delay the Closing.
4. **Prepayments.** Vendor and customer prepayments shall be allocated between Seller and Buyer at Closing. Seller will identify and schedule such prepayments to Buyer prior to the Closing, so that vendor prepayments that benefit Buyer after Closing shall be allocated to Seller and customer prepayments that relate to periods after Closing shall be allocated to Buyer.
5. **Accounts Receivable.** Buyer shall purchase and pay for all the accounts receivable of the Systems accrued as of the Closing Date, whether or not billed. Seller shall provide Buyer with a schedule of such accounts receivable prior to the Closing. It will be the responsibility of Buyer to collect such accounts receivable and Seller will not be responsible for uncollectible amounts. Buyer is not required to pay any amounts related to the balances for Availability Fees that are one hundred twenty (120) days past due or older.
6. **Rate Case Expenses Regulatory Asset.** Buyer shall pay Seller any outstanding rate case expenses approved for recovery from customers by the South Carolina Public Service Commission in Docket No. 2019-64-WS by Order No. 2020-94 on January 30, 2020, which have not been recovered by Seller and will be included in customer rates.

7. **Inventory.** Buyer shall purchase all inventories of the System owned as of the Closing Date. Seller shall provide Buyer, to the extent practical, with a schedule of all inventory at the Closing no later than five (5) Business Days prior to the Closing.
8. **Employment Matters.** Accrued but unpaid vested and unvested salary, wages and bonuses, accrued but unpaid health and welfare benefits, accrued but unpaid vested and unvested vacation, sick and personal days, accrued but unpaid vested and unvested fringe benefits, accrued but unpaid employee severance payments, and other accrued but unpaid vested and unvested compensation and fringe benefits shall be prorated as of the Closing Date.
9. **Other Expenses.** If any of the items described in Section 14 of the Agreement or this Schedule 14 that cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, or are incorrectly apportioned at the Closing or subsequent thereto, such items will be estimated as of the Closing and then adjusted, as necessary, pursuant to Section 14(c) of the Agreement.

SCHEDULE 24

Confidentiality Agreement

Confidentiality Agreement between SWWC and CUC, Inc. has been executed.

Nondisclosure Agreements with CIPOA and SIPOA have been provided.

Exhibit C



[To be attached.]

3 pages filed under seal